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A HUGE BUSINESS: ARMAMENT SALES

**U.S. Is Principal Source of
Weapons for Other Lands
—46-Billion in 17 Years**

*This is the first of a series of
articles on international deal-
ings in arms.*

By NEIL SHEEHAN
Special to The New York Times

WASHINGTON, July 18 —
The five belligerents in the
Middle Eastern war — Israel,
the United Arab Republic,
Syria, Jordan and Iraq — al-
together had about 3,300 tanks,
more than Hitler employed in
the invasion of France in 1940.

Nazi Germany manufactured
its own tanks. The Middle East-
ern combatants did not. They
obtained theirs from the So-
viet Union, Britain, France and
the United States. Their war-
planes, artillery, trucks, signal
equipment and the great bulk
of their small arms and ammu-
nition were supplied by the
same sources.

With these foreign arms, 679
of Egyptians, Jordanians, Syri-
ans and Iraqis were killed. In
Sinai, Israel's French-built Mi-
rage and Mystère jets destroyed
the Egyptians' Soviet MIG-21
fighters and Ilyushin bombers.
On the Jordanian front, both
Israelis and Jordanians drove
into battle in American-made
Patton and Sherman tanks.

The Middle East is only one
of several troubled underde-
veloped regions where war

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have been fought, or may be
fought, with foreign weaponry.
The United States, which shared
third place with Britain and
followed the Soviet Union and
France as a supplier to Israel
and the Arab countries, has
been the principal source of
arms for the whole world.

In late April, two portly men
in the international arms sales
business, one a millionaire and
the other a \$25,000-a-year De-
fense Department official, were
sitting in a sparsely furnished
office on the fourth floor of the
Pentagon when the telephone
rang.

Henry J. Kuss Jr., the civil
servant, picked up the tele-
phone. In a few minutes he had
arranged the final details of a
\$40-million weapons sale. His
listening visitor was Samuel
Cummings, the founder, owner
and president of the Interna-
tional Armaments Corporation
and the world's leading private
seller of arms.

"We don't get many deals
like that," Mr. Cummings said
later.

From mid-1949 through June,
1966, the United States sold
\$16.1-billion in weaponry and
gave away \$30.2-billion more
in arms and military equipment.
The \$46.3-billion total, which
does not include private sales
arranged outside of Mr. Kuss's
office, is about \$4-billion more
than all the grants and loans
under the regular economic as-
sistance program since the mid-
dle of 1948, including the Mar-
shall Plan.

Exceeds Army Stocks

The export of rifles, carbines
and submachine guns alone is
more than enough to provide
a gun for each of the 3.3-
million men on active duty in
the United States Army, Navy,
Air Force and Marine Corps.
The 19,827 tanks exported are
substantially more than the
Army has in its active and re-
serve inventories.

Under the guidance of Mr.
Kuss, the export pattern has
also been radically altered over
the last six years. Where grant
aid accounted for most exports
in the nineteen-fifties, sales
now outnumber grants by more
than 200 per cent.

Between mid-1961 and June,
1966, Mr. Kuss and his assist-
ants have sold \$11.1-billion in
weaponry, 89 per cent to North
Atlantic Treaty Organization
allies and to Australia and
Japan. Sales fell to \$1.5-billion
in the fiscal year closed June
30, 1967, but Mr. Kuss intends
to recoup and to maintain a
volume of about \$2-billion a
year until 1975.

The sales plus grant aid have
made the United States Gov-
ernment the world's leading
supplier of arms—nearly \$3-
billion a year.

Since World War II, the mar-
riage of Government and the
armaments industry into the so-
called military-industrial com-
plex has transformed the inter-
national arms trade. The pri-
vate arms salesman is a midget
compared with the Government
salesman. Mr. Cummings's an-
nual sales are, he says, well be-
low \$100-million, an obviously
substantial amount but a pit-
ance beside the Government
business.

The Government defends its
sales as a means of arming al-
lies against the Communist
military threat, promoting over-
seas political interests and eas-
ing the gold drain.

As the cold war atmosphere
has dissipated, the Govern-
ment's salesmanship has come
under attack.

The Arab-Israeli war has
been seized by upon by critics
as evidence that the United
States, with the Soviet Union
and the other arms-exporting
nations, has promoted arms
races in the Middle East, Asia
and Africa, fostering regional
instability and encouraging lo-
cal wars.

Foreign Exchange Diverted

The flow of arms, these crit-
ics assert, also impedes social
and economic progress by di-
verting precious foreign ex-
change from development
projects.

"If nothing else," said Sen-
ator Eugene J. McCarthy, Dem-
ocrat of Minnesota and a per-
sistent critic of arms shipments,
"the Arab-Israeli war should
convince us to re-examine our
entire arms sales and military
assistance programs."

What motivates these arms
sales? For Mr. Cummings the
answer is simple—profit. He has
no illusions about the effects of
a trade that has netted him
millions over the last 14 years
in second-hand arms deals.

"You get rather cynical in
this business," he said.

From his headquarters in
Monaco, Mr. Cummings sells
about a quarter of a million
small arms and small cannons
—everything from pistols to
20-mm. guns—each year to
sportsmen, collectors and non-
Communist foreign police
forces and armies.

One enterprising safe-cracker
used a 20-mm. antitank cannon
he bought from International
Armaments to blast open a
Brinks Company vault in Syra-
cuse in October, 1965.

Mr. Cummings's company,
with 17 affiliates and subsidi-
aries, also acts as a broker for
the sale of large tanks, such as
tanks and jet fighter-bombers,
from one country to another.

Mr. Cummings explained
that he did not manufacture
arms. He simply takes advan-
tage of the world's arms races
to buy and sell the surpluses
that result when a new genera-
tion of weapons replaces older
models. His sales are approved
in advance by the British or
United States Governments.

Defense Department statis-

tics on the flow of Government
arms from the United States
over the last 18 years give sub-
stance to his explanation.
Among these exports are 16,630
aircraft, including 8,300 jet
fighter-bombers; 38 destroyers,
24 submarines, 258 destroyer
escorts and three aircraft car-
riers; 19,827 tanks and 3,055
other armored assault vehicles;
1.4 million carbines, 2.1 million
rifles, 28,496 submachine guns,
71,174 machine guns and 30,668
mortars, 26,845 artillery pieces
and recoilless guns of all types,
and 45,360 missiles, including
14,251 of the air-to-air heat-
seeking type in use over North
Vietnam.

More Surpluses Due

Mr. Cummings noted that
some 5,000 tanks and about
1,000 jet fighter-bombers would
enter the European surplus
market by 1970.

He already has customers
who are eager to acquire these
items in Asia, the Middle East
and Latin America. The Gov-
ernment's sales add to this sur-
plus constantly and create pres-
sure on Europeans to recover
the foreign exchange spent on
American weaponry by selling
their second-hand arms else-
where. For Mr. Kuss, the
Government salesman, the sales
motivation is different. He epit-
omizes the transformation of
the international arms business
from a primarily private to a
predominantly Government
business since World War II.
A trained civil servant who has
spent 23 years in Government
employ, he finds the impetus
for his work in the bidding of
his Government and in his de-
sire to perform his task well.

Title Is Complicated

His title is Deputy Assistant
Secretary of Defense for Inter-
national Logistics Negotiations
and he refers to his work as the
"promotion of mutual security."

Mr. Kuss asserts that the two
principal objectives are to
"promote the defensive
strength of our allies" and to
ease logistics problems by fos-
tering common weapons sys-
tems. It is apparent that, when
he has his way, such common
weapons systems are largely
American-designed.

He concedes that "we also
have a balance-of-payments
problem," but relegates this to
third place as reason for the
sales.

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But sales earn dollars, easing the gold drain and helping the United States maintain large troop deployments overseas. Without the dollars, the pressure on the Administration from Congress to reduce troop commitments would undoubtedly increase. As Secretary of Defense Robert S. McNamara remarked in Congressional testimony last year, the arms sales are made "for gold, if you will."

20 Companies Profit

Because weapons exports constitute less than 5 per cent of the total American defense business, the profits earned for the 20 major United States armaments companies are often overlooked.

The sale to Britain, concluded last year, of \$2-billion in advanced F-111 multipurpose attack jets, F-4 Phantom fighter-bombers and C-130 Hercules transport aircraft has brought sizable contracts for General Dynamics, McDonnell and Lockheed Aircraft, which manufacture the planes.

In a speech in the spring of last year to the World Affairs Council in Los Angeles, Mr. Kuss said that the more than \$9-billion in sales he had made by then would bring nearly \$1-billion in profits to American industry and about 1.2 million man-years of employment spread through the 50 states and the District of Columbia.

*Tomorrow:
How the Government
Promotes Arms Sale*

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